

**BLENDON TOWNSHIP**  
**OTTAWA COUNTY, MICHIGAN**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED MARCH 31, 2008**

**KIEKOVER, SCHOLMA & SHUMAKER, PC**  
**Certified Public Accountants**  
**Zeeland, Michigan**

**Blendon Township, Michigan  
ANNUAL FINANCIAL REPORT  
Year Ended March 31, 2008**

**TABLE OF CONTENTS**

	Page
<b>Independent Auditor's Report .....</b>	<b>I</b>
<b>Management's Discussion and Analysis .....</b>	<b>II</b>
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets .....	1
Statement of Activities .....	2
Governmental Fund Financial Statements	
Balance Sheet .....	3
Statement of Revenue, Expenditures and Changes in Fund Balances .....	4
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	5
Fiduciary Fund Financial Statements .....	6
Notes to Financial Statements .....	7
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	16
Budgetary Comparison Schedule – Road Millage Fund .....	18
Budgetary Comparison Schedule – Fire Operating Fund .....	19
Budgetary Comparison Schedule – Fire Replacement Fund .....	20
<b>Supplemental Data</b>	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure .....	21



## **INDEPENDENT AUDITOR'S REPORT**

September 19, 2008

Township Board  
Blendon Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blendon Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township, Michigan, as of March 31, 2008 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information listed in the foregoing table of contents under the caption "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" was not examined by us and, accordingly, we express no opinion on it.

*Kiekover, Scholma & Shumaker, PC*  
Certified Public Accountants

## Management's Discussion and Analysis

As management of Blendon Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

### Financial Highlights

- The assets of Blendon Township exceeded its liabilities at the close of the most recent fiscal year by \$5,880,557 (*net assets*). Of this amount, \$2,190,674 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$561,571. This is reflected in a net increase in capital assets of \$117,429, an increase in restricted net assets of \$216,690, and an increase in unrestricted net assets of \$227,452.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,907,307, an increase of \$500,424 in comparison with the prior year. Approximately 74% of this total amount, \$2,152,555, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,821,860 or 332% of total general fund expenditures and transfers out.
- The Township has no long-term debt obligations.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected state shared revenues, franchise fees, and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The Township has no business-type activities.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories, governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund, which are considered to be major funds. The Township has one (1) nonmajor fund. This nonmajor fund (Inspections Fund) is a governmental fund.

The Township adopts an annual appropriated budget for its General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund. Budgetary comparison statements have been provided herein to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

**Proprietary funds.** Proprietary funds are used to report *business-type activities*. The Township has no business-type activities and therefore no proprietary funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The Township accounts for one type of fiduciary fund – two agency funds used to account for current tax collections and escrow deposits.

The basic fiduciary fund financial statement can be found on page 6 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-15 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund found on pages 16-20 of this report.

### Government-wide Financial Analysis

**Net Assets** - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Blendon Township, assets exceeded liabilities by \$5,880,577 at the close of the most recent fiscal year.

Approximately 47% of the Township's net assets reflect its investment in capital assets (e.g., land, shared road and drain improvements, buildings, vehicles, and equipment). The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the Township's net assets (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2,190,674) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets.

The following table shows, in a condensed format, the net assets of Blendon Township as of March 31, 2008 and 2007.

**TABLE 1 - Blendon Township's Net Assets**

	Governmental Activities	
	2008	2007
Current and other assets	\$ 3,127,403	\$ 2,672,166
Capital assets	2,786,339	2,668,910
Total assets	5,913,742	5,341,076
Other liabilities	33,165	22,070
Net assets:		
Invested in capital assets, net of related debt	2,786,339	2,668,910
Restricted	903,564	686,874
Unrestricted	2,190,674	1,963,222
Total net assets	\$ 5,880,577	\$ 5,319,006

**Change in Net Assets** – As shown in Table 2 (changes in net assets) the Township’s total revenues were \$1,441,369 for the current year, of which 52.2% was obtained from property taxes. Charges for services accounted for another 11.3% of the total, and state shared revenues another 28.0%. The balance of the Township’s revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended March 31, 2008 was \$879,798. Township expenses cover a wide range of services. For the current fiscal year, about 39.4% of the Township’s expenses related to general government services, 39.1% related to public safety, 17.4% related to public works, 2.1% related to community and economic development, and 2.0% related to recreation and culture.

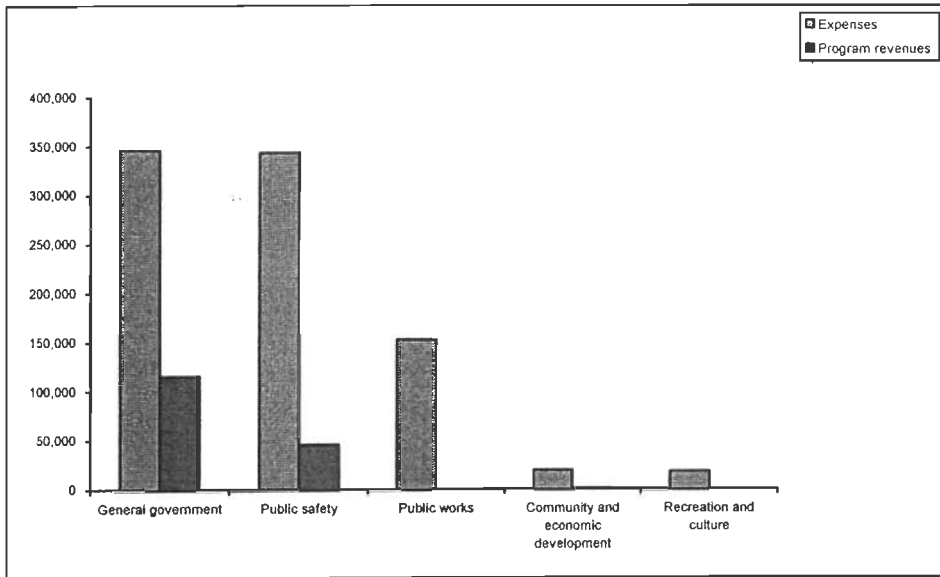
Net assets increased by \$561,571 for the Township’s governmental activities.

The following analysis highlights the changes in net assets for the fiscal years ended March 31, 2008 and 2007.

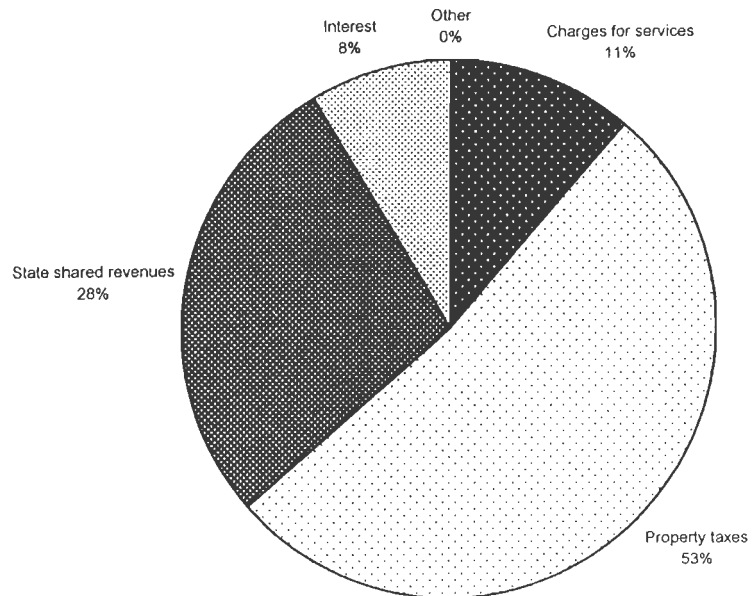
**TABLE 2 - Blendon Township's Changes in Net Assets**

	Governmental Activities	
	2008	2007
Program revenues		
Charges for services	\$ 162,958	\$ 137,603
Capital grants and contributions	-	51,138
General revenues		
Property taxes	752,954	730,065
State shared revenues	403,331	402,681
Interest	120,341	115,740
Gain on sale of capital assets	-	1,981
Other	1,785	4,582
Total revenues	<u>1,441,369</u>	<u>1,443,790</u>
Program expenses		
General government	346,514	363,636
Public safety	344,121	328,572
Public works	152,679	132,060
Community and economic development	18,897	27,075
Recreation and culture	<u>17,587</u>	<u>13,454</u>
Total expenses	<u>879,798</u>	<u>864,797</u>
Change in Net Assets	<u>\$ 561,571</u>	<u>\$ 578,993</u>

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities





## **Financial Analysis of the Township's Funds**

**Governmental Funds** - Our analysis of the Township's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2008 consist of the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues for fiscal year 2008 increased by \$4,336 or 0.5%. Property tax revenues increased by \$11,243 or 4.7%. State shared revenues increased by \$1,947 or 0.5%. All other General Fund revenues decreased by \$8,854.

General Fund expenditures decreased in fiscal 2008 by \$299,733 or 37%. The most significant changes occurred in the categories of Public Works, which decreased due to decrease in expenditures for road improvements, and Recreation and Culture, which were significantly higher last year because of significant capital improvements to the Borculo Community Center last year.

The March 31, 2008 fund balance of the General Fund is \$1,821,860, which is all unreserved. This is an increase of \$259,725 from the prior year. The \$1,821,860 unreserved fund balance is approximately 332% of fiscal 2008 expenditures and operating transfers to other funds which amounted to \$548,913.

The Road Millage Fund is used to account for special taxes levied and other revenues restricted for road construction and improvements. Total Road Millage Fund revenues, consisting mainly of property taxes and special assessments, increased by \$9,649, or 2.7%, to \$370,382. During the year the Road Millage Fund had \$250,391 in expenditures, compared to \$593,206 in the prior year, as there were significant road paving or improvement projects in the prior fiscal year. The March 31, 2008 fund balance of the Road Millage Fund is \$621,648, an increase of \$119,991 from the prior year.

The Fire Operating Fund is used to account for special taxes levied and other revenues restricted for fire department operating and related expenditures. Total Fire Operating Fund revenues, consisting mainly of property taxes, increased by \$1,136, or 1.2%, to \$97,142. There were no transfers in from the General Fund during the year, compared to \$100,000 in the prior year. Fire Operating Fund expenditures for the fiscal year were \$167,474, a decrease of \$3,115, or 1.8%, compared to the prior year. The March 31, 2008 fund balance of the Fire Operating Fund is \$87,943, a decrease of \$30,332 from the prior year.

The Fire Replacement Fund is used to account for special taxes levied and other revenues restricted for the purchase of new fire department equipment. Total Fire Replacement Fund revenues, consisting mainly of property taxes, increased by \$9,296, or 5.0%, to \$195,495. Fire Replacement Fund expenditures for the fiscal year were \$152,388 compared to \$222,735 in the prior year. The decrease was primarily due to a decrease in capital outlay expenditures. The March 31, 2008 fund balance of the Fire Replacement Fund is \$349,714, an increase of \$152,388 from the prior year.

## General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budgeted revenues were not changed. Budgeted expenditure amounts remained relatively consistent from the original to the final amended budget, with no notable changes in for any activity. Township operational departments generally stayed within budgeted amounts, resulting in total expenditures \$187,464 below the final budget. The General Fund's fund balance increased by \$259,725 compared to a budgeted increase of \$8,408.

## Capital Assets and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounted to \$2,786,339 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and shared road improvements. The total increase in the Township's investment in capital assets for the current fiscal year was \$117,429 (4.4%).

During the fiscal year the Township had \$296,349 of capital expenditures. Major capital asset events during the current fiscal year include the following:

- \$20,823 expended for township hall parking lot improvements
- \$250,056 of road improvement projects

Additional information on the Township's capital assets can be found in note 3C on page 13 of this report.

### Blendon Township's Capital Assets (net of depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 21,636	\$ 21,636
Buildings and improvements	810,397	857,879
Land improvements	105,217	83,128
Machinery, equipment, vehicles	726,807	760,586
Shared road improvements	<u>1,122,282</u>	<u>945,681</u>
Total	<u>\$ 2,786,339</u>	<u>\$ 2,668,910</u>

**Long-term debt.** At the end of the current fiscal year, the Township had no long-term debt obligations.

## Economic Factors and Next Year's Budgets and Rates

The Township's budget for fiscal year ended March 31, 2009 calls for no change in the overall property tax rate of 3.8973 mills.

The projected general operating revenues for the fiscal year ended March 31, 2009 are comparable to those received during the fiscal year ended March 31, 2008. General operating expenditures for fiscal 2009 are expected to be approximately 9% higher than the fiscal 2008 final budget, due to changes in various budgeted activities, and due to 2008-2009 budgeted amounts for purchases of new accounting and record-keeping software programs. For the fiscal year ended March 31, 2009 budget, the Township did not appropriate any of its unreserved fund balance.

### **Requests for Information**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township Supervisor's office.

# Basic Financial Statements

**Blendon Township, Michigan**  
**STATEMENT OF NET ASSETS**  
**March 31, 2008**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,809,386
Receivables:	
Taxes	52,311
Accounts	24,508
Special assessments	148,812
Due from other governments	92,386
Capital assets	<u>2,786,339</u>
 Total Assets	 <u>5,913,742</u>
 <b>LIABILITIES</b>	
Accounts payable	22,819
Accrued payroll	<u>10,346</u>
 Total Liabilities	 <u>33,165</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,786,339
Restricted for:	
Roads	577,708
Fire equipment	299,714
Construction code activities	26,142
Unrestricted	<u>2,190,674</u>
 Total Net assets	 <u>\$ 5,880,577</u>

**Blendon Township, Michigan**  
**STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2008**

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Governmental Activities
<b>Function/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ 346,514	\$ 115,708	\$ (230,806)
Public safety	344,121	46,242	(297,879)
Public works	152,679	-	(152,679)
Community and economic development	18,897	1,008	(17,889)
Recreation and culture	17,587	-	(17,587)
<b>Total Governmental Activities</b>	<u>\$ 879,798</u>	<u>\$ 162,958</u>	<u>(716,840)</u>
		<b>General revenues:</b>	
		Property taxes	752,954
		State shared revenues	403,331
		Interest	120,341
		Other	<u>1,785</u>
		<b>Total General Revenues</b>	<u>1,278,411</u>
		<b>Change in Net Assets</b>	561,571
		<b>Net Assets - Beginning</b>	<u>5,319,006</u>
		<b>Net Assets - Ending</b>	<u><u>\$ 5,880,577</u></u>

**Blendon Township, Michigan**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2008**

	General Fund	Road Millage Fund	Fire Operating Fund	Fire Replacement Fund	Other Governmental Fund Inspections Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 1,802,766	\$ 565,865	\$ 60,303	\$ 311,580	\$ 68,872	\$ 2,809,386
Receivables:						
Taxes	13,089	23,100	5,373	10,749	-	52,311
Accounts	17,308	-	-	-	-	17,308
Special assessments	6,646	142,166	-	-	-	148,812
Due from other funds	49,339	54,046	28,424	27,615	528	159,952
Due from other governments	61,467	-	-	-	-	61,467
<b>Total Assets</b>	<u>\$ 1,950,615</u>	<u>\$ 785,177</u>	<u>\$ 94,100</u>	<u>\$ 349,944</u>	<u>\$ 69,400</u>	<u>\$ 3,249,236</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 4,568	\$ 15,776	\$ 1,283	\$ 230	\$ 962	\$ 22,819
Accrued payroll	6,928	-	3,418	-	-	10,346
Due to other funds	110,613	5,587	1,456	-	42,296	159,952
Deferred revenue	6,646	142,166	-	-	-	148,812
<b>Total Liabilities</b>	<u>128,755</u>	<u>163,529</u>	<u>6,157</u>	<u>230</u>	<u>43,258</u>	<u>341,929</u>
<b>FUND BALANCES</b>						
Reserved for:						
Roads	-	428,896	-	-	-	428,896
Fire equipment	-	-	-	299,714	-	299,714
Construction code activities	-	-	-	-	26,142	26,142
Unreserved-reported in:						
General Fund	1,821,860	-	-	-	-	1,821,860
Special Revenue Funds	-	192,752	87,943	50,000	-	330,695
<b>Total Fund Balances</b>	<u>1,821,860</u>	<u>621,648</u>	<u>87,943</u>	<u>349,714</u>	<u>26,142</u>	<u>2,907,307</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,950,615</u>	<u>\$ 785,177</u>	<u>\$ 94,100</u>	<u>\$ 349,944</u>	<u>\$ 69,400</u>	

**Amount reported for governmental activities in the statement of net assets are different because:**

Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,786,339
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	30,919
Cable franchise fees receivable are not considered available to pay for current year expenditures	7,200
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	<u>148,812</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 5,880,577</u>

**Blendon Township, Michigan**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2008**

	General Fund	Road Millage Fund	Fire Operating Fund	Fire Replacement Fund	Other Governmental Fund Inspections Fund	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 252,486	\$ 278,476	\$ 92,895	\$ 185,530	\$ -	\$ 809,387
Licenses and permits	6,820	-	-	-	34,825	41,645
State shared revenues	403,108	-	-	-	-	403,108
Charges for services	24,508	-	-	-	-	24,508
Fines and forfeitures	55	-	-	-	-	55
Interest and rent	87,184	26,889	1,392	7,215	1,845	124,525
Other	34,477	65,017	2,855	2,750	-	105,099
<b>Total Revenues</b>	<u>808,638</u>	<u>370,382</u>	<u>97,142</u>	<u>195,495</u>	<u>36,670</u>	<u>1,508,327</u>
<b>Expenditures:</b>						
Current:						
General government	347,740	-	-	-	-	347,740
Public safety	33,422	-	167,474	43,107	38,018	282,021
Public works	89,565	250,391	-	-	-	339,956
Community and economic development	18,897	-	-	-	-	18,897
Recreation and culture	8,227	-	-	-	-	8,227
Insurance, bonds, and fringes	11,062	-	-	-	-	11,062
<b>Total Expenditures</b>	<u>508,913</u>	<u>250,391</u>	<u>167,474</u>	<u>43,107</u>	<u>38,018</u>	<u>1,007,903</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>299,725</u>	<u>119,991</u>	<u>(70,332)</u>	<u>152,388</u>	<u>(1,348)</u>	<u>500,424</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	40,000	-	-	40,000
Transfers out	(40,000)	-	-	-	-	(40,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	259,725	119,991	(30,332)	152,388	(1,348)	500,424
<b>Fund Balances - April 1</b>	<u>1,562,135</u>	<u>501,657</u>	<u>118,275</u>	<u>197,326</u>	<u>27,490</u>	<u>2,406,883</u>
<b>Fund Balances - March 31</b>	<u>\$ 1,821,860</u>	<u>\$ 621,648</u>	<u>\$ 87,943</u>	<u>\$ 349,714</u>	<u>\$ 26,142</u>	<u>\$ 2,907,307</u>



**Blendon Township, Michigan**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2008**

**Net change in fund balances-Total Governmental Funds** **\$ 500,424**

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	296,349
Current year depreciation expense on capitalized assets	(178,920)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

State shared revenues	223
Cable franchise fees	700

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not recorded in the funds until collected or collectible within 60 days of year end

(57,205)

**Change in net assets of governmental activities** **\$ 561,571**

**Blendon Township, Michigan**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**March 31, 2008**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>\$    7,721</u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$    7,721</u>

**Blendon Township, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Blendon Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Blendon Township:

**A. Reporting Entity**

Blendon Township is governed by an elected five-member board of trustees. The accompanying financial statements present the township and its component units, entities for which the township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

**Blended Component Unit.** The township has no blended component units.

**Discretely Presented Component Unit.** The township has no discretely presented component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. (Blendon Township has no such business-type activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Blendon Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The township reports the following major governmental funds:

*General Fund* - The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Road Millage (Special Revenue) Fund* - The Road Millage Fund is used to account for tax revenues levied for purposes of funding road construction and maintenance.

*Fire Operating (Special Revenue) Fund* - The Fire Operating Fund is used to account for tax revenues levied for the purpose of funding fire department operating and related expenditures.

*Fire Replacement (Special Revenue) Fund* - The Fire Replacement Fund is used to account for tax revenues levied for the purpose of purchasing new fire department facilities and equipment.

Additionally, the township reports the following fund types:

### **Governmental Funds**

*Special Revenue Funds* - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

### **Fiduciary Funds (Not included in government-wide statements)**

*Agency Funds* - Agency Funds account for assets held by the township in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

## D. Assets, Liabilities, and Net Assets or Equity

### 1. *Bank Deposits and Investments.*

The township maintains separate cash accounts for each of its various funds.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

### 2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

### 3. *Inventories and Prepaid Items.*

Inventories do not consist of material amounts. Inventories of governmental funds are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental column in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	15
Machinery and equipment	5-15
Office furniture and equipment	5-10
Vehicles	5-25
Roads and sidewalks	15-25

## *6. Compensated Absences.*

It is the township's policy to permit certain employees to accumulate earned but unused sick and vacation pay benefits. If material, all vacation and sick pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

## *7. Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **E. Property Taxes**

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

The township's 2007 ad valorem tax was levied and collectible on December 1, 2007, and recognized as revenue during the year ended March 31, 2008, when proceeds of this levy were budgeted and made available for the financing of operations.

The 2007 taxable equivalency valuation of the township totaled \$189,925,183 (\$189,901,732 ad valorem and \$23,451 abated property), on which taxes levied consisted of .9615 mills for operating purposes, .4892 mills for fire operating purposes, .9786 mills for fire equipment and facility replacement, and 1.468 mills for road maintenance purposes. This resulted in \$185,366 for operating purposes, \$92,895 for fire operating purposes, \$185,530 for fire equipment and facility replacement, and \$278,476 for road maintenance purposes.

The above amounts are recognized in the General Fund, Fire Operating Fund, Fire Replacement Fund, and Road Millage Fund as tax revenue.

## **F. Use of Estimates**

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

## **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparisons of actual results of operations as compared to budget for the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund are included in the required supplemental information.

### NOTE 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

*Michigan Compiled Laws, Section 129.91*, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of township funds. The investment policy adopted by the township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments totaling \$2,817,107 were reported in the basic financial statements in the following categories.

The breakdown between deposits and investments is as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Cash and investments	<u>\$ 2,809,386</u>	<u>\$ 7,721</u>

At year-end, all of the township's deposits and investments consisted of bank deposits (checking and savings accounts, certificates of deposit).

#### *Deposits*

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$3,390,861 of which \$200,000 was covered by federal depository insurance and \$3,190,861 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### *Investments*

*Interest rate risk.* Except as limited by state law as listed in the above list of authorized investments, the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The township has no investment policy that limits its investment choices beyond those required by state law. At year-end, the township had no investments.

## B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major fund and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Road Millage</u>	<u>Fire Operating</u>	<u>Fire Replacement</u>	<u>Total</u>
Receivables:					
Taxes	\$ 13,089	\$ 23,100	\$ 5,373	\$ 10,749	\$ 52,311
Accounts	17,308	-	-	-	17,308
Special assessments	6,646	142,166	-	-	148,812
Intergovernmental	<u>61,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,467</u>
Gross receivables	98,510	165,266	5,373	10,749	279,898
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 98,510</u>	<u>\$ 165,266</u>	<u>\$ 5,373</u>	<u>\$ 10,749</u>	<u>\$ 279,898</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	<u>\$ 148,812</u>	<u>\$ -</u>



### C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 21,636	\$ -	\$ -	\$ -	\$ 21,636
Capital Assets Being Depreciated					
Building and improvements	1,137,217	-	-	-	1,137,217
Land improvements	107,960	30,706	-	-	138,666
Machinery and equipment	229,340	10,325	-	-	239,665
Office furniture and equipment	54,181	5,262	-	-	59,443
Vehicles	991,237	-	-	-	991,237
Shared road improvements	976,797	250,056	-	-	1,226,853
Subtotal	3,496,732	296,349	-	-	3,793,081
Less Accumulated Depreciation for					
Buildings and improvements	(279,338)	(47,482)	-	-	(326,820)
Land improvements	(24,832)	(8,617)	-	-	(33,449)
Machinery and equipment	(213,636)	(2,832)	-	-	(216,468)
Office furniture and equipment	(48,761)	(1,759)	-	-	(50,520)
Vehicles	(251,775)	(44,775)	-	-	(296,550)
Shared road improvements	(31,116)	(73,455)	-	-	(104,571)
Subtotal	(849,458)	(178,920)	-	-	(1,028,378)
Net Capital Assets Being Depreciated	2,647,274	117,429	-	-	2,764,703
Governmental Activities Total					
Capital Assets - Net of Depreciation	\$ 2,668,910	\$ 117,429	\$ -	\$ -	\$ 2,786,339

Depreciation expense was charged to programs of the township as follows:

Governmental Activities	
General government	\$ 13,797
Public safety	74,639
Public works	73,455
Recreation and culture	17,029
Total Governmental Activities	\$ 178,920

*Construction Commitments*-The township had no significant construction projects or commitments as of March 31, 2008.

#### **D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of March 31, 2008 is as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Millage	General	\$ 48,459
Fire Operating	General	26,968
Fire Equipment	General	27,615
Inspections	General	41,768

The above amounts payable from the General Fund relate to general operating expenses paid by the receivable funds to be repaid by the General Fund, net of other amounts received by the receivable fund that are owed to the General Fund.

Interfund transfers reported in the funds statements were as follows:

	<u>Transfers Out</u>	
	<u>General Fund</u>	
Transfers In:		
Fire Replacement Fund	\$ 40,000	(1)

The following describes the nature of significant transfers:

- (1) Transfer from General Fund for annual operating purposes

#### **E. Restricted Assets**

The township has no restricted assets at March 31, 2008.

#### **NOTE 4. OTHER INFORMATION**

##### **A. Risk Management**

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by Accident Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Township Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

# Required Supplementary Information

**Blendon Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended March 31, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues:</b>				
Taxes	\$ 277,285	\$ 277,285	\$ 252,486	\$ (24,799)
Licenses and permits	8,700	8,700	6,820	(1,880)
State shared revenues	404,000	404,000	403,108	(892)
Charges for services	21,400	21,800	24,508	2,708
Fines and forfeitures	400	400	55	(345)
Interest and rent	64,000	64,000	87,184	23,184
Other	25,200	24,800	34,477	9,677
<b>Total Revenues</b>	<u>800,985</u>	<u>800,985</u>	<u>808,638</u>	<u>7,653</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Township board	102,211	110,371	103,604	6,767
Supervisor	31,333	31,333	27,094	4,239
Audit	20,000	20,000	17,500	2,500
Elections	23,578	26,007	10,246	15,761
Assessor	47,754	49,173	34,129	15,044
Attorney	35,000	35,000	10,338	24,662
Clerk	35,026	35,216	26,773	8,443
Board of review	1,706	2,501	1,276	1,225
Treasurer	34,831	35,385	32,574	2,811
Building and grounds	78,918	73,639	64,358	9,281
Cemetery	29,220	29,937	19,848	10,089
<b>Total General Government</b>	<u>439,577</u>	<u>448,562</u>	<u>347,740</u>	<u>100,822</u>
<b>Public Safety:</b>				
Police services	<u>48,636</u>	<u>50,448</u>	<u>33,422</u>	<u>17,026</u>
<b>Public Works:</b>				
Drains	23,500	23,500	17,059	6,441
Highways, streets, and bridges	62,000	62,000	60,288	1,712
Street lighting	12,800	13,500	11,266	2,234
Water system	11,000	11,000	952	10,048
<b>Total Public Works</b>	<u>109,300</u>	<u>110,000</u>	<u>89,565</u>	<u>20,435</u>

**Blendon Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended March 31, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Community and Economic Development:</b>				
Planning commission	32,870	32,971	18,525	14,446
Zoning board of appeals	5,002	5,002	372	4,630
<b>Total Community and         Economic Development</b>	<u>37,872</u>	<u>37,973</u>	<u>18,897</u>	<u>19,076</u>
 <b>Recreation and Culture:</b>				
Borculo Community Center	<u>17,400</u>	<u>17,400</u>	<u>8,227</u>	<u>9,173</u>
 <b>Insurance, bonds &amp; fringes:</b>				
Employee insurances	<u>12,000</u>	<u>12,000</u>	<u>11,062</u>	<u>938</u>
 <b>Contingencies</b>	<u>40,000</u>	<u>19,994</u>	<u>-</u>	<u>19,994</u>
 <b>Total Expenditures</b>	<u>704,785</u>	<u>696,377</u>	<u>508,913</u>	<u>187,464</u>
 <b>Excess of Revenues Over (Under) Expenditures</b>	96,200	104,608	299,725	195,117
 <b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(96,200)</u>	<u>(96,200)</u>	<u>(40,000)</u>	<u>56,200</u>
 <b>Net Change in Fund Balances</b>	-	8,408	259,725	251,317
 <b>Fund Balances - April 1</b>	<u>1,562,135</u>	<u>1,562,135</u>	<u>1,562,135</u>	<u>-</u>
 <b>Fund Balances - March 31</b>	<u>\$ 1,562,135</u>	<u>\$ 1,570,543</u>	<u>\$ 1,821,860</u>	<u>\$ 251,317</u>

**Blendon Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ROAD MILLAGE FUND**  
**Year Ended March 31, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues:</b>				
Taxes	\$ 266,849	\$ 266,849	\$ 278,476	\$ 11,627
Interest	10,000	10,000	26,889	16,889
Other	196,429	228,330	65,017	(163,313)
<b>Total Revenues</b>	<u>473,278</u>	<u>505,179</u>	<u>370,382</u>	<u>(134,797)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public works:</b>				
Highways, streets, and bridges	<u>610,312</u>	<u>610,972</u>	<u>250,391</u>	<u>360,581</u>
<b>Total Expenditures</b>	<u>610,312</u>	<u>610,972</u>	<u>250,391</u>	<u>360,581</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	(137,034)	(105,793)	119,991	225,784
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	<u>18,500</u>	<u>115,000</u>	<u>-</u>	<u>115,000</u>
<b>Net Change in Fund Balances</b>	(118,534)	9,207	119,991	340,784
<b>Fund Balances - April 1</b>	<u>501,657</u>	<u>501,657</u>	<u>501,657</u>	<u>-</u>
<b>Fund Balances - March 31</b>	<u>\$ 383,123</u>	<u>\$ 510,864</u>	<u>\$ 621,648</u>	<u>\$ 340,784</u>

**Blendon Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - FIRE OPERATING FUND**  
**Year Ended March 31, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
<b>Revenues:</b>				
Taxes	\$ 88,938	\$ 88,938	\$ 92,895	\$ 3,957
Interest	2,000	2,000	1,392	(608)
Other	2,400	2,400	2,855	455
<b>Total Revenues</b>	<u>93,338</u>	<u>93,338</u>	<u>97,142</u>	<u>3,804</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Salaries	120,004	120,004	90,118	29,886
Social security	9,181	9,181	6,900	2,281
Supplies	3,370	3,851	1,832	2,019
Contracted services	5,150	5,150	3,580	1,570
Membership dues	4,700	8,939	7,404	1,535
Transportation	7,711	7,711	5,813	1,898
Insurance	26,500	26,500	23,772	2,728
Utilities	11,400	11,400	11,364	36
Telephone	4,650	4,650	3,379	1,271
Repairs and maintenance	15,450	15,450	10,080	5,370
Miscellaneous	11,105	6,493	3,232	3,261
<b>Total Expenditures</b>	<u>219,221</u>	<u>219,329</u>	<u>167,474</u>	<u>51,855</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(125,883)	(125,991)	(70,332)	55,659
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>73,200</u>	<u>73,200</u>	<u>40,000</u>	<u>(33,200)</u>
<b>Net Change in Fund Balances</b>	(52,683)	(52,791)	(30,332)	22,459
<b>Fund Balances - April 1</b>	<u>118,275</u>	<u>118,275</u>	<u>118,275</u>	<u>-</u>
<b>Fund Balances - March 31</b>	<u>\$ 65,592</u>	<u>\$ 65,484</u>	<u>\$ 87,943</u>	<u>\$ 22,459</u>



**Blendon Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - FIRE REPLACEMENT FUND**  
**Year Ended March 31, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
<b>Revenues:</b>				
Taxes	\$ 177,893	\$ 177,893	\$ 185,530	\$ 7,637
Interest	2,000	2,000	7,215	5,215
Other	1,050	1,050	2,750	1,700
<b>Total Revenues</b>	<u>180,943</u>	<u>180,943</u>	<u>195,495</u>	<u>14,552</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Supplies	11,200	11,200	15,667	(4,467)
Contracted services	450	450	-	450
Repairs and maintenance	6,500	12,155	11,981	174
Miscellaneous	8,500	2,845	-	2,845
Capital Outlay	<u>15,500</u>	<u>15,500</u>	<u>15,459</u>	<u>41</u>
<b>Total Expenditures</b>	<u>42,150</u>	<u>42,150</u>	<u>43,107</u>	<u>(957)</u>
<b>Net Change in Fund Balances</b>	138,793	138,793	152,388	13,595
<b>Fund Balances - April 1</b>	<u>197,326</u>	<u>197,326</u>	<u>197,326</u>	<u>-</u>
<b>Fund Balances - March 31</b>	<u>\$ 336,119</u>	<u>\$ 336,119</u>	<u>\$ 349,714</u>	<u>\$ 13,595</u>

## Other Supplemental Data

**SECURITIES AND EXCHANGE COMMISSION  
RULE 15c2-12 CONTINUING DISCLOSURE**

**Blendon Township**  
**HISTORICAL STATE EQUALIZED VALUATION**  
**AND COMPONENTS OF STATE EQUALIZED VALUE**

**Historical State Equalized Valuation**

Year*	Total SEV
1998	\$ 126,059,900
1999	143,307,800
2000	152,813,800
2001	175,426,400
2002	188,327,200
2003	204,210,300
2004	219,180,500
2005	238,642,800
2006	256,317,400
2007	276,615,100

**Components of State Equalized Value**

	2007	2006	2005	2004	2003
Agricultural	\$ 56,398,900	\$ 49,023,100	\$ 49,351,500	\$ 47,439,500	\$ 44,886,900
Commercial	4,747,100	4,364,500	4,455,600	4,181,500	4,108,600
Industrial	3,140,600	2,917,200	2,696,400	2,664,800	2,515,300
Residential	<u>206,444,500</u>	<u>193,565,200</u>	<u>176,286,200</u>	<u>158,863,100</u>	<u>146,031,400</u>
Total Real Property	270,731,100	249,870,000	232,789,700	213,148,900	197,542,200
Total Personal Property	<u>5,884,000</u>	<u>6,447,400</u>	<u>5,853,100</u>	<u>6,031,600</u>	<u>6,668,100</u>
Total SEV	<u>\$ 276,615,100</u>	<u>\$ 256,317,400</u>	<u>\$ 238,642,800</u>	<u>\$ 219,180,500</u>	<u>\$ 204,210,300</u>

**Components of 2007 Taxable Value**

Agricultural	\$ 23,872,569
Commercial	3,632,300
Industrial	1,657,543
Residential	<u>154,855,320</u>
Total Real Property	184,017,732
Total Personal Property	<u>5,884,000</u>
TOTAL TAXABLE VALUE	<u>\$ 189,901,732</u>

\* Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

**Blendon Township**  
**MAJOR TAXPAYERS AND TAX RATES**

**Major Taxpayers**

<u>Taxpayer</u>	<u>Product/Service</u>	<u>2007 Taxable Value</u>	<u>Percentage of Total 2007 Taxable Value</u>
Consumers Energy Company	Utility	\$ 2,310,023	1.22%
Robert Sawyer	Residence	1,127,661	0.59%
Semco Energy Company	Utility	1,036,100	0.55%
Buist Greenhouses	Flowers	881,754	0.46%
Kent Vande Vrede	Residence	733,576	0.39%
MI Electric Trans. Co., LLC	Utility	636,000	0.33%
Michigan Wood Fibers, LLC	Landscaping products	554,356	0.29%
Pinetree Leasing, LLC	Real Estate	535,062	0.28%
Dykema, Schut & Schut, LLC	Development	486,999	0.26%
Equestrian Trails, LLC	Real Estate	435,100	0.23%

The above taxpayers represent 4.6006% of the total 2007 Taxable Value of the Township.

**Tax Rates<sup>1</sup>**  
(Per \$1,000 of Taxable Value)

<u>Fiscal Year</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Blendon Township:					
Operating	0.9615	0.9671	0.9741	0.9826	0.9894
Fire Operating	0.4892	0.4921	0.4957	0.4833	0.4867
Fire Replacement	0.9786	0.9843	0.9914	0.9668	0.9736
Roads	1.4680	1.4765	1.4871	1.4503	1.4603
Ottawa County Operating	3.6000	3.5000	3.5000	3.5000	3.4000
Ottawa County E-911	0.4407	0.4407	0.4411	0.4419	0.4429
Ottawa County Parks	0.3165	0.3165	0.3168	0.3174	0.3182
Intermediate School District	5.5234	4.2093	4.2109	4.2192	4.2305
Public Schools <sup>2,3</sup>	9.0000	9.0000	9.0000	9.0000	9.0000
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
 Total	 <u>28.7779</u>	 <u>27.3865</u>	 <u>27.4171</u>	 <u>27.3615</u>	 <u>27.3016</u>

<sup>1</sup>Taxes levied December 1 of prior year.

<sup>2</sup>Two local school districts fall within the boundaries of the Township. They are Hudsonville and Zeeland School Districts. The rates shown are the highest any resident of the Township would pay.

<sup>3</sup>This is the rate for homesteads, the non-homestead rate is 26.00

**Blendon Township  
TAX COLLECTIONS**

Year*	Tax Levy	Collections to March 1 Each Year	
		Amount	%
1998	\$ 287,248	\$ 273,924	92.63 %
1999	308,855	287,641	93.13 %
2000	331,822	312,061	94.04 %
2001	539,051	501,259	92.99 %
2002	565,731	532,982	94.21 %
2003	630,481	596,623	94.63 %
2004	661,786	628,475	94.97 %
2005	711,069	674,514	94.86 %
2006	707,277	668,849	94.57 %
2007	739,553	695,729	94.07 %

\*Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

**GENERAL FUND REVENUES AND EXPENDITURES  
(Years Ended March 31)**

	2008	2007	2006	2005	2004
Revenues	\$ 808,638	\$ 804,302	\$ 767,684	\$ 713,444	\$ 695,631
Expenditures	<u>508,913</u>	<u>808,646</u>	<u>516,115</u>	<u>397,319</u>	<u>475,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	299,725	(4,344)	251,569	316,125	220,110
Other financing Sources (Uses):					
Operating Transfers In	-	-	79,528	153,160	98,188
Operating Transfers Out	(40,000)	(250,000)	(200,000)	(115,000)	(122,500)
Fund Balance, April 1	1,562,135	1,816,479	1,685,382	1,277,919	1,082,121
Restatement Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,178</u>	<u>-</u>
Fund Balance, March 31	<u>\$ 1,821,860</u>	<u>\$ 1,562,135</u>	<u>\$ 1,816,479</u>	<u>\$ 1,685,382</u>	<u>\$ 1,277,919</u>

**Blendon Township**  
**DIRECT AND OVERLAPPING BONDED INDEBTEDNESS**

**Direct Bonded Indebtedness**

No direct bonded indebtedness at March 31, 2008

**Overlapping Bonded Indebtedness**

<u>Municipality</u>	<u>Total Debt</u>	<u>Blendon Township's Share</u>	
Hudsonville School District	\$ 87,015,411	9.82%	\$ 8,544,913
Zeeland School District	93,515,000	6.38%	5,966,257
Ottawa County	30,665,000	1.98%	607,167
Ottawa Area Intermediate School District	6,775,000	1.74%	<u>117,885</u>
Net Overlapping Debt			<u>\$ 15,236,222</u>
Net Direct and Overlapping Debt			<u>\$ 15,236,222</u>

**Summary of Direct and Overlapping Debt**

Population (2000 Estimate)	5,721
2007 Actual Valuation (True Cash Value)	\$ 553,230,200
2007 SEV	\$ 276,615,100
2007 Taxable Value	\$ 189,901,732
Per Capita SEV	\$ 48,351
Per Capita Taxable Value	\$ 33,194
Net Direct Debt	\$ -
Per Capita	\$ -
Ratio to 2007 Taxable Value	0.00%
Ratio to 2007 SEV	0.00%
Ratio to 2007 True Cash Value	0.00%
Net Direct and Overlapping Debt	\$ 15,236,222
Per Capita	\$ 2,663.21
Ratio to 2007 Taxable Value	8.02%
Ratio to 2007 SEV	5.51%
Ratio to 2007 True Cash Value	2.75%

The Township has never defaulted on payment of its bonded indebtedness.

**Bonded Debt Limit**

There is no bonded debt limit for general law townships under the State Constitution and laws.

**Blendon Township**  
**INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS**

<u>Year</u>	<u>Debt Outstanding on March 31</u>
2004	\$ -
2005	-
2006	-
2007	-
2008	-





September 19, 2008

Township Board  
Blendon Township, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Blendon Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. **Recording of Year-end Accounts Payable** - At March 31, 2008 the Township did not record accounts payable as required by U.S. Generally Accepted Accounting Principles. An audit adjustment was necessary to correct this situation. We recommend the Township maintain a listing of account payable by fund at March 31 and adjust the general ledger for these amounts.
2. **Auditor Adjustments** - During the course of the March 31, 2008 audit several adjustments were proposed by the auditor to properly record amounts for accrued payroll, prepaid expenses, special assessments earned, taxes receivable, tax revenues, interest income on investments, and miscellaneous other amounts.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entities internal control. We believe the following deficiencies to be material weaknesses.

1. **Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)** - Blendon Township lacks adequate controls to prepare year-end full disclosure financial statements, including the related footnotes and government-wide (GASB 34) statements. The Township has limited expertise in the preparation of year-end financial statements and relies on the auditors to draft the annual financial statements including related disclosures. Because of this lack of internal expertise and because the auditor cannot be part of the Township's control environment, there exists a likelihood that a misstatement that is more than inconsequential to the financial statements will not be prevented or detected by the Township's internal control.

2. **Fixed Asset Accounting** - The Township lacks controls and procedures to identify property and equipment acquired during the year that is subject to capitalization in accordance with the Township's fixed asset capitalization policy. It is necessary for the auditor to assist with identification of such fixed assets in order to properly reflect fixed asset activity.
3. **Tax Fund Reconciliation/Payments to the Township** - At March 31, 2008 the Township had not reconciled the cash available in the tax collection fund to the amounts owing to the taxing units. The Township should establish procedures to ensure that the proper amounts are paid to the Township and other taxing units on a timely basis and that the cash available in the tax collection fund is reconciled to the amounts owed to the various taxing units.
4. **Investments** - The Township's treasurer has the authority to invest Township funds without significant oversight. The treasurer is also responsible for making all accounting entries relating to investment activity. This results in the danger that intentional or unintentional errors could be made and not detected.
5. **Cash reconciliation** - The Township did not reconcile bank accounts to the general ledger in a timely manner at various times during the year. We recommend that the Township's bank accounts be reconciled to the general ledger balances on a monthly basis to ensure that all receipts, disbursements, transfers, and other reconciling items are recorded on a timely basis, and to ensure the accuracy of the Township's cash balances and financial position.
6. **Verification of cash deposits** - Currently, the office receptionist collects payments received at the front desk via walk-in payment or mail, enters such amounts into the cash receipting system, and gives monies received, along with a summary of cash receipts to the township treasurer. The treasurer agrees the amount of monies to the cash receipt posting summary, and brings the deposit to the bank. The deposited amount is not verified by another individual at the Township. We recommend the bank deposit receipt be returned to the office receptionist, for verification that deposited funds agree with the amount collected by the township.
7. **Payment of Property Tax Collections** - State law requires that property taxes collected on behalf of other taxing units be distributed within 10 business days after the first and fifteenth of the month in which collected. At various times during the year the Township was delinquent on its tax distributions. We recommend the Township develop procedures to ensure that tax distributions are made on a timely basis.
8. **Escrow Deposit Fund** - Escrow deposits are currently not being reconciled to the reconciled cash balance. We recommend that escrow deposits be reconciled to the reconciled cash balance on a monthly basis as an additional safeguard for the township in carrying out their fiduciary duty over escrow deposits.

This communication is intended solely for the information and use of management, the Board of Trustees, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Kiekover, Scholma & Shumaker, PC*